

**TUESDAY, MARCH 1, 1983**

**IN JOINT CONVENTION**

The hour having arrived, set by Senate Joint Resolution No. 13 --Relative to Joint Convention, Governor's Budget Message, the Senate met with the House in Joint Convention.

The Joint Convention was called to order by Mr. Speaker Wilder, President of the Joint Convention.

On motion of Senator Hamilton, the roll call of the Senate was dispensed with.

On motion of Representative Naifeh, the roll call of the House was dispensed with.

Thereupon, the Clerk of the Senate read Senate Joint Resolution No. 13 authorizing the Joint Convention.

Senator Atchley moved that the President appoint a committee composed of four members from the Senate and four members from the House to notify the Governor that the Joint Convention was in session and awaiting his arrival, which motion prevailed.

Mr. President Wilder appointed the following committee to notify the Governor: Senators Garland, Cohen, Lewis and Rochelle; Representatives Davidson, Dixon, Henry and Williams. Senator Garland will serve as Chairman of this Committee.

Mr. President Wilder recognized the Chief Clerk of the House, Bryant Millsaps, for introduction of guests.

Mr. Millsaps introduced the following guests who were escorted to the front of the House Chamber and seated:

The Chief Justice and the Associate Justices of the Tennessee Supreme Court;

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The Honorable William M. Leech, Mr. Attorney General and Reporter; The Honorable Cletus McWilliams, Executive Secretary of the Supreme Court;

The Honorable Gentry Crowell, Secretary of State;

The Honorable Harlan Mathews, State Treasurer;

The Honorable William R. Snodgrass, Comptroller of the Treasury;

The Honorable Jane Eskind, the Honorable Frank D. Cochran, and the Honorable Keith Bissell, members of the Public Service Commission;

The Members of the Governor's Cabinet;

Mr. President Wilder recognized Mrs. Lamar Alexander.

The Joint Convention recessed pending the arrival of the Honorable Lamar Alexander, Governor of the State of Tennessee.

The Joint Convention was called to order by Mr. President Wilder.

On motion, the roll calls of the House and Senate were dispensed with.

Senator Garland announced that the Governor was at the entrance of the House.

The committee escorted the Honorable Lamar Alexander, Governor of the State of Tennessee, to the Clerk's rostrum where he delivered the following budget message:

### **GOVERNOR'S BUDGET MESSAGE**

Lt. Governor Wilder, Speaker McWherter, Distinguished Ladies and Gentlemen of the 93rd General Assembly, Members of the Cabinet, Fellow Tennesseans:

Chet Atkins said: "In this life you have to be careful where you aim, because you usually end up right where you aim."

We spend too little time aiming, especially in government.

Take, for example, this speech tonight.

I'm supposed to talk about how we pay for what the state government will do between July 1 of this year and July 1, 1984.

We almost always start at the wrong end of that kind of discussion.

Government's good at raising taxes to pay for more of the same kind of government we already have.

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But we're not so good at figuring out, first, where we should aim and what we must do to get there.

I don't think you'll be surprised at my example of this.

Take teachers' salaries.

Every year we come up with a modest average pay raise for the state's share of the salaries for 46,500 public school teachers.

Except for a little extra pay for years of experience and number of degrees, every teacher gets the same increase. Five percent, six percent or seven percent for the best. Five percent, six percent or seven percent for the worst.

Local governments then add a little to their share of the teacher's salary -- across-the-board. It is usually a lower percentage than what the state gives.

The budget is declared balanced and everyone goes off reasonably proud of himself. . . everyone, that is.

. . . except the teacher, who gets a paycheck that offers a career teacher virtually nothing to look forward to financially;

. . . except the parents, who are increasingly disturbed by the results achieved in schools filled by teachers who have no real financial incentive;

. . . except the taxpayer, who wonders what sense it makes to keep pouring tens of millions of new dollars across the board into school systems that are not as good as they could be or must be.

Where are we aiming with a teacher pay policy that has in it not one penny of reward for doing a good job?

I can give you some more specific examples on that.

I believe you will be at least surprised.

Look at what a teacher has to look forward to in Fayette County, Governor Wilder's home school district:

A brand new seventh grade teacher, fresh out of college makes \$12,200.

In the next classroom, a teacher for 30 years, who may be regarded by everyone in Fayette County as the best seventh grade teacher for miles around, a person who may have had a profound effect on the lives of hundreds of young people for two generations, makes less than \$15,000.

In other words, our policy says: be the best seventh grade teacher, and you may be paid less than \$3,000 more after 30 years than the newest teacher in the school.

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Let's not pick on the people you live with, Governor Wilder.

That's only a little below average for Tennessee.

Take Senator Garland's home, Greeneville, and Greene County:

In Greene County, the salary figures are almost exactly the same as in Fayette County.

Even in Greeneville, where Education Commissioner McElrath was Superintendent, and where taxpayers make one of Tennessee's best efforts to pay teachers more, the difference is between \$14,000 and \$20,000.

Three to six thousand dollars of career opportunity. That's what we give teachers to look forward to.

How about Weakley County, Speaker McWherter's hometown.

The new teacher makes \$12,600, the 30 year expert, less than \$16,000.

Jim Henry, the Republican leader in the House, is from Kingston. There you can start at \$12,500. Someone doing that same job better than anyone else in the system makes \$4,000 more.

Senator O'Brien and Walter Work are chairmen of the Education Committees.

In Cumberland County, Senator O'Brien's home, the range of opportunity is from \$13,000 to \$16,000.

In Dickson, where Mr. Work lives, the pay range from the newest to the best is \$12,300 to \$16,500.

It is misleading, of course, always to suggest that the 30-year teacher may be the best in the school. There may be two 30-year teachers side-by-side, one pretty good, one not so good, and they would make exactly the same.

Or worse, there is nothing in our system to prevent the worst teacher from making more than the best.

You can make a little more if you get a master's degree or take an administrative job.

But not one Tennessee public school teacher is paid a penny based upon whether he or she is doing a good job teaching!

It is pretty clear to me where we are aiming with that kind of system of financial rewards for people doing one of the most important jobs in our state.

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The best we can say for our system today is that it aims to attract teachers who by sheer dedication alone are willing to tolerate staying in a career that offers \$3,000 or \$4,000 of financial reward over a lifetime of service. That is our aim today, and it is crazy.

\* \* \* \* \*

Remember, in this life you usually get where you aim.

Where has this aim gotten us in public education in Tennessee?

We have some excellent schools, thousands of dedicated teachers and tens of thousands of parents busy every day trying to improve schools.

But let's be honest about where we have gotten:

First, many of our best teachers are taking better paying jobs. The turnover rate is at a record high. Forty-two percent of the teachers have taught seven years or less.

Second, we are not attracting many of the best students to teaching. The Dean of the University of Tennessee College of Education told me the other day that his entering students' test scores rank 11th out of the 12 colleges at UT-Knoxville. Other Deans of Education tell the same story.

Third, all of that has something to do with the fact that half of Tennessee's adults don't have a high school education, that our high school dropout rate is one of the highest in the country, that achievement scores in the middle grades and high school are below national averages, and that one of eight of our high school seniors this year is flunking a proficiency test that they get five chances to pass and that is geared only to sixth and seventh grade levels.

We have been aiming low.

Where have we gotten?

We have gotten where we aimed.

We may be tired of being at the back of the line in good-paying jobs and educational levels, but unless we make some big changes we had better get ready for a long wait. Because aimed the way we are today, we will be permanently stuck while the rest of the country races by us.

We can do something about it.

We can change our aim.

This four-year budget plan for the BETTER SCHOOLS PROGRAM,

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especially the Master Teacher and Master Principal concept, will do it.

And let me say something very important about Better Schools and Master Teachers right here.

I hear a good deal about this being the Governor's program. It is not. I am for it, as strong as I've ever been for anything in my life. But it is not my program.

I am preaching to the choir.

Almost all of it came from this book right here: The Tennessee Comprehensive Education Study. It is the first survey in 26 years of public education. It is the most important in our history.

This is the Legislature's own study. It took a year of hard work. And I would like to recognize those members of this General Assembly who were part of it.

Senators Crockett, Elkins, Lashlee, O'Brien, Person and Williams.

Representatives King, Robinson, Whitson and Work.

The Better Schools proposals -- from basic skills and computer skills to new job skills -- are all there.

Let me read for you what your own study says about where we are aiming with teacher pay.

On page 254: "The State Board of Education should consider requiring an apprenticeship program for beginning teachers prior to professional certification. During such a period, the apprentice-teacher would be closely supervised and evaluated by a 'master teacher'."

The Master Teacher program does that.

And, on page 256: "The state should set as a long-range goal raising the level of the average teacher's salary in Tennessee to the average teacher's salary of the states bordering Tennessee."

The Master Teacher and Master Principal programs would do that.

And, on page 257: "The State Board of Education should investigate ways of rewarding outstanding teachers (as determined by fair and impartial evaluation) over and beyond their set salaries."

The Master Teacher program does just that.

And, on pages 396 and 397: The report urges establishing the rank of Master Teacher and says: "Additional salary monies should be provided for outstanding teachers at all levels to make the profession

more competitive in the market place," especially for those who earn the rank of Master Teacher.

The Master Teacher program does exactly what your report said we must do.

Well, I have tried to be not just a careful student of what I know the public wants, what I know is the right thing to do, but of precisely what this Legislature's task force recommended. Therefore, I have made the Better Schools and Master Teacher Program the most important and most expensive part of the budget for the next four years. It is the most important proposal I will ever make and you will ever consider.

I am aiming toward excellence in education because better schools mean better jobs.

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The Master Teacher Program is based on a familiar notion: you pay somebody more for doing an especially good job and accepting more of the most difficult work.

A Senior Teacher will have an eleven month contract and earn a \$4,350 pay increase.

A Master Teacher will have a twelve month contract and earn an \$8,925 pay increase.

In the program's first four years, the state would pay these higher salaries to 15,225 teachers, or 60 percent of those who have taught eight or more years.

All teachers in the program must renew their teaching licenses every five years based upon an evaluation by other Master Teachers and principals.

No one teaching today would ever have to join the program.

Our public schools will be among the best in the country because many of our teachers will be among the best and the best paid public school teachers in the country. Some people are against the Master Teacher idea.

Let me list their reasons:

1. Some people say you shouldn't pay the best teachers more money than other teachers.

That reminds me of a breakfast conversation I had last week. One Legislator, when told that a Master Teacher could make \$26,000 a year in his hometown, said that was more than a bank vice-president makes.

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Well, of course, it is. Some teachers are worth more to the community than a bank vice-president. But not every teacher is. And, not every bank employee is paid as well as a vice-president.

### 2. Some people say teachers shouldn't be evaluated every five years.

But why not? It should be a fair and impartial evaluation by teachers from outside the evaluated teacher's district to get rid of local political influences. It should be done whether or not there is an incentive pay system. But evaluations without incentive pay won't solve the problem: you have to give good teachers something to look forward to attract them and keep them, inspire them and keep them looking ahead to a teaching career in Tennessee.

### 3. Some teachers are opposed to it.

That is true. Some are. It is a big change for the profession. There are questions.

But I have found that when I have a chance to let teachers know exactly what is being proposed, that the details can be worked out, that it will be phased in slowly and that it is entirely optional for anyone teaching today, they like it. I got a letter just last week from the teachers at Kingston Elementary School where I visited: 79 percent of the faculty favors Master Teacher.

### 4. No one else does it.

That is true. Amazingly enough, no state pays its public school teachers more money for doing a good job.

It would be an historic change. Tennessee would lead in the nation. We would have the most professional teaching and school leadership careers in America. Our teachers would be among the best and the best paid. We would be first instead of tagging along behind.

What's so wrong with that?

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In the last four budgets, we waded through some pretty terrible economic times.

While family budgets were tight, we tried to show some compassion for the taxpayer.

We reduced the size of government by 4,000 employees.

We reduced the State debt by \$100 million.

We have kept an AAA rating -- one of only 12 states to do so.



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We avoided a general tax increase.

Such tightfisted management and legislating bothers some people.

But I like it.

I still believe that the biggest challenge facing government employees is spending what we've got well instead of figuring out how to spend more.

Our tightfistedness has saved some money.

By reducing the debt, we have \$15 million more each year to spend that would have gone to debt service.

By reducing employees instead of adding them at the rate of the 1970's, we have avoided having to spend another \$225 million each year.

By any measurement, our state personal taxes are about the lowest in the country.

These next four years, it is time to spend some new money on quality improvements for better schools, higher paying jobs, a clean state, healthy children, efficient prisons.

If we can make some real, fundamental changes in these areas, I am willing to pay and willing to ask others to pay so we can have enough money to get where we're aiming.

For example, the four-year budget plan has up to \$5 million a year new money for adult job skills training.

But if we are merely going to keep the same split management responsibility for the 40 schools that teach those jobs skills, I would recommend to the taxpayers that they keep their money in their pockets.

There is \$20 million in the budget for another of your task force suggestions: University Centers of Excellence.

If, on the other hand, everybody insists on having every campus offer every program, then the taxpayers should keep their money.

By the fourth year, this budget plan has \$116 million for Senior and Master teacher and administrator salaries and for five-year evaluations of every teacher.

But if, on the other hand, our aim is only to continue merely handing out average raises regardless of performance, the taxpayers can find better things to do with their money.

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There are three sets of documents in front of you.

Take the small one first.

It is like the one-page budget summaries I have used the last couple of years to show where we have spent our money.

This time, I want to look ahead, to see where we are aiming, to see where we will spend our money over the next four years.

We would spend in 1986-87 nearly three and a quarter billion dollars of state taxes, an increase of 679,000 new dollars over what we are spending this year.

Most of the increase goes to education: 41 percent over four years for higher education; 37 percent for public schools.

This compares with 25 percent for higher education and 27 percent for public schools over the last four years. . . a four-year period when inflation was double what it should be in the next four.

Growth in spending for our traditionally out-of-control spending programs -- medicaid and corrections -- is estimated at just below the overall four-year growth of the general fund, or 34 percent.

I propose to reduce our debt by another \$150 million over the four-year period and reduce the number of state employee positions by another 1,200.

This four-year plan would spend every available penny on aiming us in the right direction.

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If this is the direction we need to go, when should we start?

A number of you, including most of the legislative leaders, have said that now is no time for a general tax increase. When 288,000 Tennesseans or more than 13 percent of us are out of work, everybody who has a job is lucky.

Without a general tax increase, this would be the barest boned budget in my five years. There would be no state money for pay raises. We would have to cut some departments that have been cut several times or eliminate others that the Legislature frankly doesn't want eliminated.

There is another side to the argument.

If a period of 13 percent unemployment is the wrong time to raise taxes, it is also the time to get started with whatever it takes to get better jobs. Better jobs come from better schools and better schools cost more money spent a different way.

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So, my recommendation is in two parts:

First, for the rest of calendar year 1983, the first half of the budget year, it will be a bare-bones, no-frills, cutback budget. There will be no general tax increase and no pay raise. It shows compassion for the taxpayer in a bad economy. When 288,000 taxpayers are out of work, a budget that asks government to tighten its tight belt even tighter makes sense.

Second, for the last half of the next budget year -- starting January 1, 1984 -- and the three years thereafter, we need to get moving on better schools, jobs, prisons, clean water, healthy children and decent salaries for state employees and university personnel. The economy is clearly improving. 1984 may be the best economic year of the decade. And we simply can't wait any longer to get started on what we must do.

There is money in the budget plan for new job development, including recruiting high technology industry and expanding agricultural research.

There are three important initiatives to keep Tennessee a clean and pleasant place to live -- hazardous waste management, natural area protection and state park maintenance.

There is up to \$5 million a year by the fourth year to complete the pre-natal health care program.

There is up to \$20 million a year by the fourth year for prisons.

There are new funds to fight illegal drug traffic.

A \$267 million five-year capital outlay program is part of the summary. It is conservative. Most of it goes to keep in good shape what we've already got. There are important projects which are continued -- the Technical Institute in Knoxville and the UT Library -- and others which should be completed quickly, like the Fogelman College of Business in Memphis.

The budget plan ultimately adds \$358 million in new pay and benefit increases for state employees, higher education personnel and public school teachers.

There is a total of \$37 million for pay and benefits in the first year.

This will pay for:

- teachers' training and experience programs,
- state employees' longevity, and
- the state's share of employees' health insurance costs plus

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one-half of the 40 percent increase in health insurance premium cost that will hit state employees this year. This means the state employee cost-sharing ratio becomes 65-35 instead of 60-40.

With 288,000 taxpayers out of work, there is no state money for pay increases for the first six months of this budget year.

But beginning January 1, 1984, we should move toward normal pay increases as the economy gets back to normal.

Therefore, there is enough money for an average 2 1/2 percent pay increase beginning January 1, 1984.

Then for the second, third and fourth years there is room in the budget plan for average increases in employee pay and benefit costs in the range of five to six percent each year.

Figuring what is a fair pay increase always depends on revenue growth and is never easy to do.

One measure is to compare public employees with all taxpayers. Tennessee teachers, for example, make 82 percent of the national average teachers' salaries. All Tennessee taxpayers also make 82 percent of the national average salary for all taxpayers.

As the average salaries of all taxpayers go up, it is fair to expect similar average increases for public employees.

This budget is not content just with improving one average.

There are completely separate pay programs which are in addition to across-the-board pay increases:

- Much of the new money for higher education goes for additional pay increases based on performance.

- There is \$20 million extra by the fourth year -- including \$2 million for this year -- for our new job classification system to move state employees' pay closer to what their skills would bring in the private marketplace.

- Finally, the Master Teacher and Principal program is all in addition to across-the-board raises. It would begin carefully by selecting the first 75 of Tennessee's finest teachers and principals. The first year cost: \$2.1 million. The fourth year cost when 15,225 teachers may be involved: \$116 million.

More than anything else, this four-year budget plan is a Better Schools budget plan: 207 million new annual dollars by 1986-87.

It has:

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- Money to put BASIC SKILLS FIRST fully in place in 1,100 schools;
- \$7 million to make sure every child learns computer skills before the ninth grade;
- \$7 million for mandatory kindergarten;
- \$1.7 million this year and \$15.7 million in the next three to hire more math and science teachers;
- summer programs for gifted students, new vocational equipment, music for the early grades, alternative classrooms for disruptive students. . . all to start this year;
- \$4.6 million new this year for textbooks, supplies, transportation and maintenance with ten percent annual increases;
- by the fourth year, \$5 million for new job skills, \$20 million for university centers of excellence and 45 million other new dollars for higher education.

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What we need to do still takes about \$372 million more dollars than our tax structure will bring in by the fourth year, 1986-87.

To pay the bill, I recommend you enact a one-half cent sales tax increase effective January 1, 1984, and another one-half cent effective January 1, 1985. I also recommend some smaller revenue measures to take effect July 1, 1983: a one percent increase in insurance premium tax, a tax on video games and converting to sales tax the gross receipts tax on vending machine sales.

Enact the sales tax increase now. Collect only as we can afford it and need it.

Even after these taxes are fully in place, Tennessee state government will take a smaller percentage of its taxpayers' personal income than any other Southern state.

It makes common sense to look ahead four years, arrange now to pay for all the programs -- like Master Teacher -- that we start, and take the money only as you need it.

Speaker McWherter has suggested that we phase in slowly what we need to do.

Governor Wilder has been very strong on arranging now to pay for whatever new programs we start.

The phase-in also helps to keep our sales tax from getting too much higher than that of neighboring states.

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Neither do I recommend trying in this busy session to deal with tax reform . . . except for phasing out most of the inheritance tax reducing revenues by \$24 million by the fourth year. We should deal with these questions, but at a time when it is true reform and not just an excuse to raise more money.

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There is one other very important thing:

I am not for the sales tax increase if it is for more of the same.

In my State of Education Address in January, I said I would veto, campaign against and oppose any general tax increase that did not include the Master Teacher program.

I had never made a statement quite like that before.

After that, my Mother called. She gave me some advice: "Don't go around giving ultimatums", she said. "It sounds like you are getting too big for your britches."

So let me say carefully where I stand. I don't mean it as an ultimatum. But I do want you and my mother and the teachers, parents and taxpayers of Tennessee to understand just how deeply I feel committed to the Better Schools and Master Teacher Programs.

Any budget without them would not assure the kind of progress we must have in the schools to justify a tax increase. That is why I have said I would veto a tax increase without the programs. We must produce better schools and we need a tax increase to do it. But we should not increase taxes if we don't produce better schools.

By the way, my mother is not just a parent. She is, like my father, a former teacher and a taxpayer. She and dad both support the Master Teacher Program. In addition to her advice to me, she has written her legislators, Senator Koella and Representative Anderson, and given them some advice: vote for it.

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This is National Teachers Day.

I am proud of our teachers, including my parents. They work hard, don't complain much and have one of the most important jobs in our state.

I understand that teachers and schools can't do it all. If I could figure out a "Better Homes" program it would do more good than any "Better Schools" program.

But we can do something about the schools.

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Better schools mean better jobs.

And better teachers mean better schools.

Our aim should be to have the most professional teaching career in America . . .right here in Tennessee.

The truth is we are behind on jobs and schools in Tennessee.

Someone needs to say so and someone needs to do something about it.

I can make a big noise. I can spend the next four years going to every civic club, every PTA, every street corner with the Better Schools crusade.

But the civic club members, the parents, the teachers, the taxpayers and I don't have a single vote in the Senate or in the House.

The 132 Tennesseans who can do the most to change the course of our lives are sitting right in this Chamber.

Tennessee needs to aim in the right direction.

You can aim us.

Tennessee then needs to move now in the right direction.

If we don't, we'll get worse as the country gets better off.

You can move us.

This is not an ordinary moment.

It is an historic moment.

You have a chance based upon the work you have already done and the budget and legislation you can approve now to move us from the back of the line to the front.

We can throw up our hands and say it's just not worth the effort -- and be satisfied trailing the pack.

Or we can be first for a change.

Either way you will make history in these Chambers this year.

And I predict that this Legislature and its leaders will go down in history as the finest, most progressive General Assembly that ever served the people of Tennessee.

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Mr. President Wilder relinquished the Chair to Mr. Speaker McWherter, President of the Joint Convention.

Mr. President McWherter expressed thanks to Governor Alexander.

The purpose for which the Joint Convention was called having been accomplished, Mr. President McWherter declared the Joint Convention dissolved.

The Senate repaired to the Senate Chamber.

Thereupon, pursuant to Mr. Naifeh's earlier motion, Mr. Speaker McWherter declared the House adjourned until 2:00 p.m. Wednesday, March 2, 1983.